GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:266
ANSWERED ON:19.12.2003
CRISIS IN POWERLOOM INDUSTRY
A. VENKATESH NAIK;RAMSHETH THAKUR

Will the Minister of TEXTILES be pleased to state:

(a) whether the powerloom industry is facing a crisis due to hike in cotton yarn price;

(b) if so, the details thereof;

(c) whether many powerloom units have shut down their production and many of them are on the verge of closure;

(d) if so, the steps taken by the Government to arrest the increase in the cotton yarn price;

(e) whether there is any proposal to introduce the export quota again;

(f) if not, the reasons therefore; and

(g) the steps taken by the Government to save the powerloom industry?.

Answer

THE MINISTER OF TEXTILES (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) to (g) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 266 FOR 19.12.2003 REGAF CRISIS IN POWERLOOM INDUSTRY.

(a) to (d). There has been an increase in prices of cotton yarn due to increase in prices of raw cotton, set off by a fall in world cotton production. While this has impacted on weavers in powerloom and handloom industries, it is expected that the affect will be short term, till fabric prices rise in response or yarn prices fall again. Government does not normally intervene to affect market forces of supply and demand.

(e) to (f). There is no proposal to impose quotas on export of cotton yarn, as there is no economic justification for such a move.

(g). Government has taken several initiatives to facilitate growth in the decentralized powerloom industry. The main ones are:

(i) Central Government has announced a powerloom package in the Union Budget 2003-04 for modernization of powerloom industry by enlarging the scope of Technology Upgradation Fund Scheme, providing Group Insurance Scheme for powerloom workers and assistance for Group Workshed for powerlooms to create a better working environment and obtain high productivity. The package has been made fully operational.

(ii) Government has taken up modernisation and strengthening of powerloom service centres, which have been set up to provide technical services of training, testing, project preparation etc.

(iii) Computer Aided Design Centres have been set up to enable small powerloom units to access new designs and upgrade fabric by product development inputs.

(iv) A programme for induction of 50,000 shuttleless and for 2.50 lakh semi automatic and automatic looms in the decentralised powerloom sector has been announced.

(v) Incentives have been made available under the Technology Upgradation Fund Scheme (TUFS) whereby the powerloom owner can reduce the cost of borrowing capital either by availing 20 % Capital Linked Subsidy or by obtaining 5% interest reimbursement of on the loan availed.

(vi) Import duty on shuttleless looms has been reduced and excise duty exemption has been given to indigenous automatic looms. Accelerated depreciation benefits at the rate of 50% have been extended on the weaving machinery installed under TUFS.

(vii) Powerloom Export Entitlement (PEE) quota has been provided to encourage powerloom exports.